

Introduction

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Introduction

What is the “Cohort Default Rate Guide?”

The “Cohort Default Rate Guide” (guide) is a publication that the U.S. Department of Education (the Department) designed to assist schools with their Federal Family Education Loan (FFEL) Program and William D. Ford Federal Direct Loan (Direct Loan) Program cohort default rate data. This guide should be used as a reference tool in understanding cohort default rates and processes. This guide is good for a five-year period. An electronic version of this guide is available at

<http://sfa4schools.sfa.ed.gov/>

or

<http://www.ifap.ed.gov>

The information found in this guide does not supersede or alter any regulatory or statutory requirements that are in effect. If the information in this guide conflicts with the regulations or statute, the regulations and/or statute that are in effect take precedence. The legislation authorizing the FFEL and Direct Loan programs can be found in Title IV of the Higher Education Act (HEA) of 1965, as amended. The primary regulations that provide for the cohort default rate process can be found in Subpart M of Section 668 of the Code of Federal Regulations (CFR).

In addition, the Department also publishes FFEL cohort default rates for guaranty agencies and lenders. For information on guaranty agency and lender cohort default rates, call the Department at 1-202-401-7482 or visit the Department's Web site at

<http://sfa4schools.sfa.ed.gov/>

or

<http://www.ed.gov/offices/OSFAP/IGAL>

The Department also publishes Federal Perkins Loan Program cohort default rates for schools. For information on Federal Perkins Loan Program cohort default rates, call the Department at 1-202-708-7741.

An electronic version of this guide is available at

<http://www.ifap.ed.gov>

How is this guide organized?

The material in this guide is organized into four main parts. Each part is further divided into chapters. The four main parts are

Part I: Introduction.

Part One consists of this introduction.

Part II: General Information.

Part Two consists of six chapters, five of which cover calculating cohort default rates, cohort default rate effects, the loan record detail report, change of status and evasion, and Department offices and addresses. This section also contains a chapter entitled "Loan Record Detail Report Tools," which contains various tools to assist a school in reading a loan record detail report. Among these tools are data manager codes and contact information.

Part III: Strategy.

Part Three consists of three chapters. The first deals with cohort default rates strategies. The cohort default rate strategies chapter reviews the steps a school can take to reduce rates, minimize the possibility of sanctions, and gain benefits. This chapter contains an overview of the cohort default rate process and timelines. The second chapter discusses repayment information and how a school can track borrower repayment activities. The third chapter discusses data manager monthly status reports.

Part IV: Challenges, Adjustments, and Appeals.

Part Four consists of 11 chapters. The first eight deal with the eight challenges, adjustments, and appeals a school may initiate. The next two discuss the two appeals the Department initiates. All 10 of these chapters contain detailed discussions of the challenge, adjustment, or appeal that is the subject of the chapter. For those challenges, adjustments, and appeals that involve data managers in addition to schools, the data manager material has been incorporated with the school material into

one chapter. This is different from previous versions of this guide, which divided school information and data manager information into separate chapters. The final chapter contains tools to assist a school when submitting a challenge, adjustment, or appeal and, when appropriate, tools to assist a data manager when responding to a challenge, adjustment, or appeal.

How does this version of the guide differ from previous versions of the guide?

There are several major changes in this version of the guide from previous versions of the guide. These include

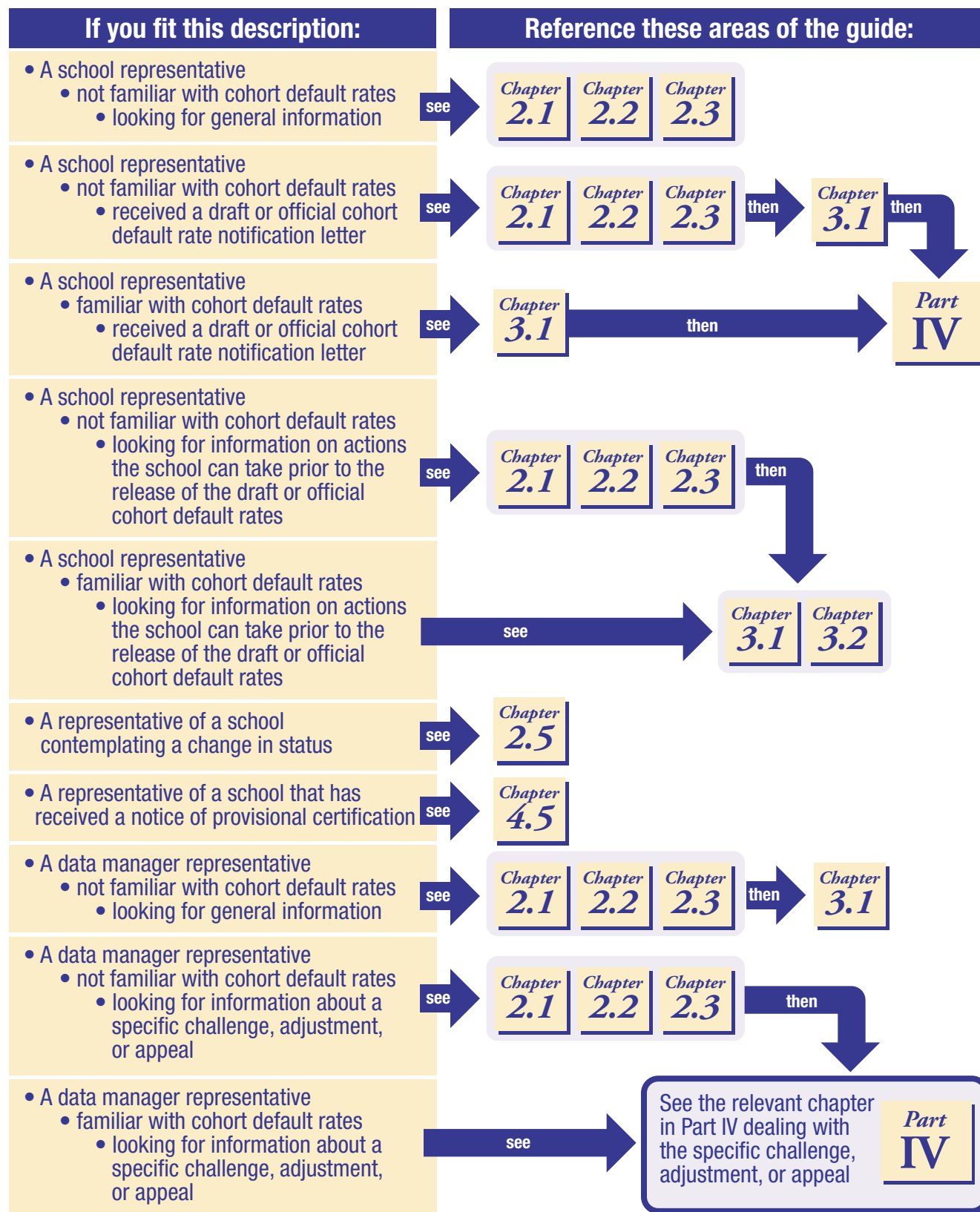
- ❖ combining the two former guides, the “Draft Cohort Default Rate Guide” and the “Official Cohort Default Rate Guide,” into one guide;
- ❖ incorporating the new regulations became effective on July 1, 2001;
- ❖ referring to the Direct Loan Servicer, guaranty agencies, lenders, and FFEL servicers as data managers;
- ❖ combining school information and data manager information into the same chapter instead of dividing the information into separate chapters, as in previous versions of the guide;
- ❖ rewriting the guide to make it clearer and easier to understand and use; and
- ❖ redesigning the guide so that future changes can be handled by sending out change pages instead of sending out a completely new guide.

How does a school or data manager use this guide?

Figure 1.1.1

How to Use this Guide

Figure 1.1.1 provides examples of how a reader should use the guide based on the reader's situation.



As a design note, the guide uses a two-third/one-third layout, where two-thirds of the page contains text and one-third of the page is a margin. In the margin at the start of each chapter you will find a reference to the section of the Code of Federal Regulations that applies to that chapter. You will find the sections of the CFR dealing with cohort default rates in Appendix A. The margins will also contain various illustrations designed to assist you with understanding the material in the guide. The margins also provide a space for notes that you may wish to take while reading the guide. There is also a glossary that contains the definitions of frequently used words and phrases.

How can a school or data manager provide feedback on this guide?

The Department is interested in receiving feedback regarding the new guide. If you have questions, comments, or suggestions concerning the content, format, and/or structure of this guide, please fill out and return the user comment card or call the Department's Default Management office at 1-202-708-6048. You may also send comments via email to

OSFA_IPOS_Default_Management_Division@ed.gov

The user comment card is at the end of this chapter. If sent by commercial overnight mail/courier delivery, the completed card should be sent to:

U.S. Department of Education
Default Management
ATTN: Comments Worksheet
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024

If sent by U.S. Postal Service, the completed card should be sent to:

U.S. Department of Education
Default Management
ATTN: Comments Worksheet
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

User Comments on the Cohort Default Rate Guide

Please answer the following questions.

Was the Guide easy to understand?	YES	NO
Did you like the separation of information?	YES	NO
Did this format make it easier for you to prepare a challenge or response?	YES	NO
Did this format make it easier for you to prepare an adjustment or response?	YES	NO
Did this format make it easier for you to prepare an appeal or response?	YES	NO
Were the instructions and spreadsheets easy to follow and understand?	YES	NO
Are there issues not discussed in the Guide that you would like to see in future editions?	YES	NO

General comments

The following information is optional. The Department may contact you for further clarification on your comments.

Organization Name: _____

School OPE-ID # (if applicable): _____

Organization Mailing Address: _____

Person completing this form: _____

Telephone number: _____ - _____ - _____